

FEB 27 2006

STATE AUDITOR

Central Utah Center for Independent Living, Inc.

Financial Statements

with
Auditors' Report Thereon

For the Year Ended June 30, 2005

Ulrich & Associates, P.C.
Certified Public Accountants

Central Utah Center for Independent Living, Inc.

**Financial Statements
and
Additional Information
Year Ended June 30, 2005**

**Ulrich & Associates, PC
Certified Public Accountants
Ogden, Utah**

Central Utah Center for Independent Living, Inc.

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Ulrich & Associates, PC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Central Utah Center for Independent Living, Inc.

We have audited the accompanying statement of financial position of Central Utah Center for Independent Living, Inc. (a non-profit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Central Utah Center for Independent Living, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2005, on our consideration of Central Utah Center for Independent Living, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



September 7, 2005

Central Utah Center for Independent Living, Inc.
Statement of Financial Position
June 30, 2005

Assets:

Current assets:

Cash and cash equivalents	\$ 26,900
Grants receivable	11,630
Deposits and prepaid expenses	<u>6,182</u>

Total current assets	<u>44,712</u>
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Furniture and equipment, at cost, net	<u>32,448</u>
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Total assets	<u><u>\$ 77,160</u></u>
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Liabilities and Net Assets:

Current liabilities:

Accounts payable	\$ 2,542
Accrued liabilities	<u>10,647</u>

Total liabilities	<u>13,189</u>
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Net assets:

Unrestricted	48,027
Temporarily restricted	<u>15,944</u>

Total net assets	<u>63,971</u>
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Total liabilities and net assets	<u><u>\$ 77,160</u></u>
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See accompanying notes to financial statements

Central Utah Center for Independent Living, Inc.
Statement of Activities
Year Ended June 30, 2005

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Public support			
Grants	\$ -	396,019	396,019
In-kind contributions	5,445	-	5,445
Fund raising	3,453	-	3,453
Other income	605	-	605
	<u>9,503</u>	<u>396,019</u>	<u>405,522</u>
Net assets released from donor restrictions	<u>380,075</u>	<u>(380,075)</u>	<u>-</u>
Total revenue and other support	<u>389,578</u>	<u>15,944</u>	<u>405,522</u>
Expenses:			
Program services:			
Independent living	325,215	-	325,215
Support services:			
Management and general	62,495	-	62,495
Fund raising	1,455	-	1,455
	<u>389,165</u>	<u>-</u>	<u>389,165</u>
Total expenses	<u>389,165</u>	<u>-</u>	<u>389,165</u>
Change in net assets	413	15,944	16,357
Net assets, beginning of year	<u>47,614</u>	<u>-</u>	<u>47,614</u>
Net assets, end of year	<u>\$ 48,027</u>	<u>15,944</u>	<u>63,971</u>

See accompanying notes to financial statements

Central Utah Center for Independent Living, Inc.
Statement of Functional Expenses
Year Ended June 30, 2005

	<u>Program Services</u>	<u>Support Services</u>		
	<u>Independent Living</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salary and wages	\$ 146,290	15,840	-	162,130
Payroll taxes and benefits	42,426	5,632	-	48,058
Office supplies	4,121	1,766	-	5,887
Contractual	6,055	25,948	275	32,278
Telephone	6,003	667	-	6,670
Space costs	24,022	2,669	-	26,691
Maintenance	5,636	626	-	6,262
Client emergency home repairs	9,056	-	-	9,056
Miscellaneous	4,711	138	-	4,849
Expendable equipment and consumer repairs	27,092	3,010	-	30,102
Fees and subscriptions	2,439	1,626	-	4,065
Insurance	4,857	2,615	-	7,472
Staff training	2,590	288	-	2,878
Travel (in state)	6,541	-	-	6,541
Travel (out of state)	2,040	-	-	2,040
Utilities	3,830	426	-	4,256
Postage	1,604	178	-	1,782
Printing	3,001	334	-	3,335
Program supplies	3,552	-	-	3,552
Fundraising supplies	-	-	1,180	1,180
Total expenses before depreciation and in-kind expenses	305,866	61,763	1,455	369,084
In-kind expenses	5,445	-	-	5,445
Depreciation	13,904	732	-	14,636
Total expenses	\$ 325,215	62,495	1,455	389,165

See accompanying notes to financial statements

Central Utah Center for Independent Living, Inc.
Statement of Cash Flows
Year Ended June 30, 2005

Cash Flows from Operating Activities:

Increase in net assets	\$ 16,357
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	14,636
(Increase) decrease in operating assets	
Grants receivable	(1,468)
Deposits and prepaid expenses	(1,340)
Increase (decrease) in operating liabilities	
Accounts payable	(3,620)
Accrued liabilities	1,789
	<u>9,997</u>
Net cash provided by operating activities	<u>9,997</u>

Cash Flows From Investing Activities:

Purchase of equipment	<u>(15,549)</u>
Net cash used in investing activities	<u>(15,549)</u>
Net increase in cash and cash equivalents	10,805
Cash and cash equivalents as of beginning of year	<u>16,095</u>
Cash and cash equivalents as of end of year	<u><u>\$ 26,900</u></u>
Shown on balance sheet as:	
Cash and cash equivalents	<u><u>\$ 26,900</u></u>

See accompanying notes to financial statements

Central Utah Center for Independent Living, Inc.
Notes to Financial Statements
June 30, 2005

Note 1 - Summary of Significant Accounting Policies

Organization

Central Utah Center for Independent Living, Inc. (the Center) is a Utah not-for-profit corporation organized for the purpose of providing services, training and counseling to disabled persons. Although incorporated in 1998 the Center did not begin formal operation until January 2001.

Fund Accounting

The accompanying financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently. Generally, the donors of these assets permit the organization to use all or part of the income earned on any related investments for general or specific purposes. The Center had no permanently restricted net assets.

Property and Equipment:

Purchased equipment is recorded at cost and donated equipment is recorded at fair value at the date of contribution. Depreciation is computed using the straight-line method over the useful lives of the assets which range from three to seven years.

Funding Sources

The Center is funded by grants from Utah State Office of Education - Division of Rehabilitation Services. All other contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Central Utah Center for Independent Living, Inc.
Notes to Financial Statement - Continued
June 30, 2005

Note 1 - Summary of Significant Accounting Policies - continued

Funding Sources - continued

State funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, if Central Utah Center for Independent Living, Inc. fails to comply with the terms of the grants/contracts, and may discontinue future grants to the Center.

In-Kind Contributions

Contributions of service and supplies can be made to the Center by individuals and business organizations. Services contributed are recognized as in-kind contributions based on the hours of service received times a normal hourly rate for the service performed. The Center had no contributions of service during the year.

Supplies contributed are recognized as in-kind contributions based on their fair market value. The Center received donated supplies of \$5,445 during the year ended June 30, 2005.

Cash and Cash Equivalents

The Center considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows exclude endowment cash and cash equivalents.

Investments

The Center had no investments during the year.

Income Taxes

The Center is a nonprofit corporation and is exempt from income taxes under section 501 (c) (3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Central Utah Center for Independent Living, Inc.
Notes to Financial Statement - Continued
June 30, 2005

Note 1 - Summary of Significant Accounting Policies - continued

Functional Allocation of Expenses

The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 2 - Cash

At year end the Center's bank balance was \$43,446. The Bank balance was covered 100% by federal depository insurance.

Note 3- Property & Equipment

Property and equipment at June 30, 2005 consists of the following:

Leasehold improvements	\$ 4,360
Furniture and equipment	98,624
Accumulated depreciation	<u>(70,536)</u>
Total fixed assets, net	<u>\$ 32,448</u>

Note 4 - Temporarily Restricted Net Assets

Net assets were released from donor restrictions by incurring expenses to satisfy restrictions specified by donors as follows:

State Office of Education, Department of Rehabilitation Services	\$ 329,446
Various other grants	<u>66,573</u>
Total Restrictions Release	<u>\$ 396,019</u>

Temporarily restricted net assets are available for the following purposes:

Disability Law Center grant for client remodel	<u>\$ 15,944</u>
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The Center has no temporarily restricted net assets with a time restriction, or permanently restricted net assets.

Note 5 - Retirement Plan

The Center sponsors a SEP retirement plan that covers employees after 90 days of employment. The Center currently contributed 6% of each eligible employees wages to the plan. Contributions for the fiscal year ending June 30, 2005 were \$7,563.

Central Utah Center for Independent Living, Inc.
Notes to Financial Statement - Continued
June 30, 2005

Note 6 - Commitment

The Center has entered into a two year lease on the facility it occupies. The lease period goes from March 1, 2004 through February 28, 2006. Lease expense for the fiscal year ending June 30, 2005 was \$25,731. Future required lease payments are as follows:

Year Ending June 30 2006	
	\$ 17,154
	<u>\$ 17,154</u>

The Center is considering lease options since their lease will expire soon. However, the Center anticipates building a new facility in the near future and would therefore prefer a lease with a shorter lease period. At the date of the report the Center had not signed a new lease agreement.

Note 7 - Risk Management

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Center carries commercial insurance.

Note 8 - Major Funding Source

The Center received 81.2% of its funding for the year from a grant from the Utah State Office of Rehabilitation. Loss of this funding source would have a severe impact on the Center's operations and its ability to continue in existence without additional funding. Management anticipates a continuation of this funding.

Note 9 - Grant Accounting

Certain granting agencies require the Center to report using a regulatory basis of accounting. This represents a comprehensive basis of accounting which differs from generally accepted accounting principles. The regulatory basis of accounting differs from generally accepted accounting principles in the treatment of property and equipment and depreciation which are accounted for on a cash basis.

Central Utah Center for Independent Living, Inc.
Notes to Financial Statement - Continued
June 30, 2005

Note 9 - Grant Accounting - Continued

The total functional expenses for the year ended June 30, 2005 reflected under generally accepted accounting principles reconciles to total expenditures reflected using the regulatory basis of accounting as follows:

Total functional expenses - (GAAP basis)	
Depreciation	\$ 389,165
Purchase of equipment	(14,636)
Obligated funds charged to 2004 expenditures	15,549
Obligated funds charged to 2005 expenditures	(10,914)
	<u>8,161</u>
Total functional expenses - Regulatory Basis	<u>\$ 387,325</u>

SUPPLEMENTARY INFORMATION
(Regulatory Basis)

Ulrich & Associates, PC
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

To the Board of Trustees of
Central Utah Center for Independent Living, Inc.

Our report on our audit of the basic financial statements of Central Utah Center for Independent Living, Inc. for the year ended June 30, 2005 appears in the first section of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying additional information, prepared on a regulatory basis of accounting is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ulrich & Associates, P.C.

September 7, 2005

Central Utah Center for Independent Living, Inc.

Statement of Revenues and Expenditures by Program (Regulatory Basis of Accounting)

Year Ended June 30, 2005

	<u>Restricted</u>	<u>Unrestricted</u>	
	<u>Utah</u>	<u>Private</u>	
	<u>State IL</u>	<u>Contributions</u>	<u>Total</u>
Revenues:			
Grants	\$ 374,019	-	374,019
In kind contributions	-	5,445	5,445
Fund raising	-	3,453	3,453
Other income	22,000	605	22,605
Total revenues	<u>396,019</u>	<u>9,503</u>	<u>405,522</u>
Expenditures:			
Salary and wages	162,130	-	162,130
Payroll taxes and benefits	48,058	-	48,058
Office supplies	4,961	-	4,961
Contractual	32,003	275	32,278
Telephone	6,670	-	6,670
Space costs	26,691	-	26,691
Maintenance	5,482	-	5,482
Client emergency home repairs	9,056	-	9,056
Miscellaneous	4,324	350	4,674
Equipment and consumer repairs	44,952	-	44,952
Fees and subscriptions	4,065	-	4,065
Insurance	7,472	-	7,472
Staff training	2,878	-	2,878
Travel (in state)	6,541	-	6,541
Travel (out of state)	2,040	-	2,040
Utilities	4,256	-	4,256
Postage	1,634	-	1,634
Printing	3,335	-	3,335
Program supplies	3,527	-	3,527
Fundraising supplies	-	1,180	1,180
In-kind expense	-	5,445	5,445
Total expenses	<u>380,075</u>	<u>7,250</u>	<u>387,325</u>
Excess of revenues over expenditures	<u>\$ 15,944</u>	<u>2,253</u>	<u>18,197</u>

Central Utah Center for Independent Living, Inc.

Statement of Revenues and Expenditures Compared to Budget (Regulatory Basis of Accounting)

Year Ended June 30, 2005

	<u>Approved Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable) Variance</u>
Revenues:			
Grants	\$ 338,110	374,019	35,909
In-kind contributions	-	5,445	5,445
Fund raising	-	3,453	3,453
Other income	-	22,605	22,605
	<u>338,110</u>	<u>405,522</u>	<u>67,412</u>
Total revenues			
Expenditures:			
Salary and wages	139,820	162,130	(22,310)
Payroll taxes and benefits	46,079	48,058	(1,979)
Office supplies	5,300	4,961	339
Contractual	33,215	32,278	937
Telephone	6,383	6,670	(287)
Space costs	26,691	26,691	-
Maintenance	3,685	5,482	(1,797)
Client emergency home repairs	-	9,056	(9,056)
Miscellaneous	4,150	4,674	(524)
Equipment and consumer repairs	39,238	44,952	(5,714)
Fees and subscriptions	3,675	4,065	(390)
Insurance	7,512	7,472	40
Staff training	4,000	2,878	1,122
Travel (in state)	3,995	6,541	(2,546)
Travel (out of state)	1,830	2,040	(210)
Utilities	3,407	4,256	(849)
Postage	1,530	1,634	(104)
Printing	3,600	3,335	265
Program supplies	4,000	3,527	473
Fundraising supplies	-	1,180	(1,180)
In-kind expense	-	5,445	(5,445)
	<u>338,110</u>	<u>387,325</u>	<u>(49,215)</u>
Total expenses			
Excess of revenues over expenditures	<u>\$ -</u>	<u>18,197</u>	<u>18,197</u>

OTHER REPORTS

Ulrich & Associates, PC

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
Central Utah Center for Independent Living, Inc.

We have audited the financial statements of Central Utah Center for Independent Living, Inc. (a nonprofit organization) for the year ended June 30, 2005, and have issued our report thereon dated September 7, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Utah Center for Independent Living, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

As part of obtaining reasonable assurance about whether Central Utah Center for Independent Living, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters that we have reported to management of Central Utah Center for Independent Living, Inc. in a separate letter dated September 7, 2005.

Members of Utah Association of CPAs / American Institute of CPAs

Charles E. Ulrich, CPA | Michael E. Ulrich, CPA

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This report is intended solely for the information and use of the board of trustees, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ulrich & Associates, P.C.

September 7, 2005

Ulrich & Associates, PC

Certified Public Accountants

August 25, 2004

Auditor
copy

mgmt letter
6/30/04
12/04

Sandra Curcio
Executive Director
Central Utah Center for Independent Living
491 No. Freedom Blvd.
Provo, UT 84601

Dear Sandra:

We have appreciated the opportunity of auditing the financial statements of Central Utah Center for Independent Living for the year ended June 30, 2004.

Audits by their nature tend to draw attention to certain problems and areas of concern. It is part of the responsibility of the auditors to communicate such matters when they are discovered. The matters noted below are not considered to be significant and are therefore communicated in this management letter for purposes of internal use only.

Retirement Contributions

Retirement expense, as a benefit to the employees of the Center, is currently being paid at 6% of wages. Although employee contributions and Center contributions are being tracked in a spreadsheet, it would be helpful if it was routinely reconciled to the General Ledger and the Edwards Jones statement, with a copy of the statement attached to the spreadsheet each month.

Check Signing

One of the controls over cash disbursements is to have a designated board member sign all checks over \$300. We would just like to remind the board member(s) signing checks, that it is important for them to have all supporting documentation included with the check they are signing, and to review and compare the check and invoice to make sure they agree and are for a valid expense before signing.

Note for audit
presentation

~~Missing November 2003 minutes (have been signing off on this)~~
We appreciate the opportunity to work with Central Utah Center for Independent Living. We would be happy to respond to any questions or concerns you may have.

Sincerely,



Charles E. Ulrich, CPA
Ulrich & Associates, PC

Ulrich & Associates, PC

Certified Public Accountants

at
10/16/05
Mgmt letter
4/30/05

September 7, 2005

Sandra Curcio
Executive Director
Central Utah Center for Independent Living
491 No. Freedom Blvd.
Provo, UT 84601

Dear Sandra:

We have appreciated the opportunity of auditing the financial statements of Central Utah Center for Independent Living for the year ended June 30, 2005.

Audits by their nature tend to draw attention to certain problems and areas of concern. It is part of the responsibility of the auditors to communicate such matters when they are discovered. The matters noted below are not considered to be significant and are therefore communicated in this management letter for purposes of internal use only.

Deposits

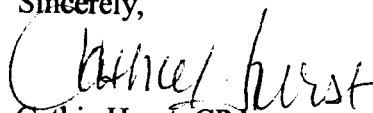
One of the controls over cash received by the Center, is to have at least two employees count (in the presence of one another) the cash, record the amount counted, and sign the cash sheet (or deposit slip) by the recorded amount. Although cash is not received very often at the Center, and is counted and signed off, it would be good to have that documentation passed on to Patty Trent with the deposit information so she can verify the count/control. Additionally, she will have the information available for review during the audit.

Payroll cut-off

In the past the Center has always paid their employees on the 15th and 30th of each month for all hours up to and including those days. By so doing, hours worked on the last one or two days of the pay period were estimated and then had to be adjusted in subsequent pay periods. This is not only an uncommon practice, it is also an area that could be manipulated by employees since tracking becomes harder. Additionally, employees are being paid for hours that they may not have earned. We recommend that the Center change the payroll cut-off to pay once hours are earned by the employees, with time sheets reflecting actual hours worked. NOTE: As of the date of the audit presentation, this matter was addressed and the recommended change had been implemented.

We appreciate the opportunity to work with Central Utah Center for Independent Living. We would be happy to respond to any questions or concerns you may have.

Sincerely,

A handwritten signature in cursive script that reads "Cathie Hurst". The signature is written in dark ink and is positioned above the printed name.

Cathie Hurst, CPA

Ulrich & Associates, PC